

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
INDIANA ECONOMIC DEVELOPMENT  
FOUNDATION, INC.

April 11, 2005 to June 30, 2006



**FILED**  
03/05/2007



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## OFFICIALS

### Office

### Official

### Term

President

Michael S. Maurer  
Nathan J. Feltman

04-11-05 to 12-31-06  
01-01-07 to 01-11-09



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA ECONOMIC DEVELOPMENT FOUNDATION, INC.

We have examined the schedule of receipts, disbursements, and cash and investment balances of the Indiana Economic Development Foundation (Foundation), for the period of April 11, 2005 to June 30, 2006. The Foundation's management is responsible for the schedule. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the cash transactions of the Foundation for the year ended June 30, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

January 16, 2007

INDIANA ECONOMIC DEVELOPMENT FOUNDATION, INC.  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
As Of And For The Years Ended June 30, 2005 And 2006

	<u>2005</u>	<u>2006</u>
Cash and investments, July 1	\$ -	\$ 225,165
Receipts:		
Corporate Contributions	225,000	882,100
Event Sponsorship	-	57,130
Interest Income	165	16,074
Reimbursements	<u>-</u>	<u>2,194</u>
Total receipts	<u>225,165</u>	<u>957,498</u>
Disbursements:		
Advertising and Gifts	-	90,454
Travel	-	259,423
Expense Reimbursement	-	46,709
Professional Services	-	4,776
Receptions, Events, Food	<u>-</u>	<u>133,006</u>
Total disbursements	<u>-</u>	<u>534,368</u>
Excess of receipts over disbursements	<u>225,165</u>	<u>423,130</u>
Cash and investments, June 30	<u>\$ 225,165</u>	<u>\$ 648,295</u>

The accompanying notes are an integral part of the schedules.

INDIANA ECONOMIC DEVELOPMENT FOUNDATION, INC.  
NOTES TO SCHEDULE

Note 1. Introduction

The Indiana Economic Development Foundation was established under the laws of the State of Indiana (IC 5-28-5-13) to solicit and accept private sector funding, gifts, donations, bequests, devises, and contributions. The Foundation's purpose is to assist the Governor and the Economic Development Corporation in reaching their economic development goals by raising funds from the general public and nonprofit foundations and organizations.

Note 2. Fund Accounting

The accompanying schedule is prepared on the basis of cash receipts and cash disbursements. Operating receipts and disbursements are cash inflows and outflows related to daily operations of the Foundation. The cash basis of accounting differs from accounting principals generally accepted in the United States in that receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Note 3. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Foundation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds.

INDIANA ECONOMIC DEVELOPMENT FOUNDATION, INC.  
EXAMINATION RESULTS AND COMMENTS  
JUNE 30, 2006

INTERNAL CONTROL OVER RECEIPTS

The computer generated receipts issued by the Indiana Economic Development Foundation are not numbered or dated when issued. In addition, the receipts in use have not been approved by the State Board of Accounts.

Good accounting practices and internal controls dictate that all receipts, whether computer generated or hand written, be sequentially numbered and dated when issued.

Indiana Code 5-11-1-2 states in part: "The state board of accounts shall formulate or approve all statements and reports necessary for the internal administration of the office to which they pertain." Under Indiana Code 5-28-5-13, subsection (c), the State Board of Accounts shall annually audit the foundation.

POLICY VIOLATIONS; PURCHASES OVER \$5,000

In our disbursement testing we noted two checks; one for \$7,400 and one for \$7,500 that contained only one signature. It is the Indiana Economic Development Foundation's policy that two signatures are required on all disbursement checks greater than \$5,000.

Each entity has the responsibility to comply with their own internal policies and guidelines. These internal policies and guidelines cannot conflict with state or federal laws.



INDIANA ECONOMIC DEVELOPMENT FOUNDATION, INC.  
EXIT CONFERENCE

The contents of this report were discussed on February 8, 2007, with Chad Sweeney, Treasurer; Tom Skidmore, Controller; and Pat Henn, Accountant. The official response has been made a part of this report and may be found on pages 8 and 9.

Indiana Economic Development Foundation, Inc.

February 21, 2007

Mr. Bruce Hartman  
Indiana State Board of Accounts  
302 Washington St, Room 418  
Indianapolis, Indiana 46204-2765

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Indianapolis, Indiana 46204  
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Re: Audit of the Indiana Economic Development Foundation, Inc.

Dear Mr. Hartman:

The Indiana Economic Development Foundation (IEDF) appreciates the detailed and proficient audit completed by the State Board of Accounts (SBOA). This letter will serve as our official response to the audit comments and address the two issues raised in the audit report.

#### Internal Control Over Receipts

The data currently provided on the standard IEDF receipts includes: donation amount, donor name and address, type of donation, description of donation, date of donation, and IEDF contact info. It is our view that the data included on the IEDF receipts is sufficient to provide the necessary controls. In addition, as you are aware, the IEDF is not a state agency, but rather is a 501(c)(3) nonprofit corporation formed under the laws of the State of Indiana pursuant to the statutory authority granted by Indiana Code 5-28-5-13. From a review of applicable regulatory provisions and discussions with SBOA staff, it is not clear to us that I.C. 5-11-1-2 is applicable to the IEDF. Indiana Code 5-11, et. seq., deals specifically with accounting for public funds. As you are aware, the IEDF does not handle public funds, but rather is fully funded through private donations. However, despite our concerns about the applicability of the cited provision, we do agree with the SBOA that adding a numbering system and an issue date would strengthen the internal controls of the receipt process. Therefore, the IEDF will integrate both of these recommendations into our receipt format and will submit the new format to the State Board of Accounts for review.

#### Policy Violations

The IEDF has implemented an additional internal control process to ensure that checks for amounts in excess of \$5,000 are signed by two authorized individuals before being distributed, as required by existing IEDF policy. In addition to the normal procedures, the new process routes all checks over \$5,000 to the CFO of the IEDC for a final review prior to being mailed.

*Indiana Economic Development Foundation, Inc.*

One North Capitol, Suite 700  
Indianapolis, Indiana 46204  
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We continually strive to improve our operational efficiencies and effectiveness. Your audit and review of the IEDF was a helpful part of this process. Thank you for your input and direction.

Sincerely,



Chad J. Sweeney



Thomas L. Skidmore